

## **CHAPTER 5**

# **STAFFING**

Staffing is defined as "filling and keeping filled, positions in the organization structure". It is also known as "human resource management". This includes identifying the requirement of work-force, taking inventory of people available, recruiting, selecting, placing, promoting, appraising, planning the employee's careers, training them to suit the job, developing the staff to carry out the defined job effectively and efficiently.

### **5.1 NATURE AND IMPORTANCE OF STAFFING**

A business cannot be successfully run without the right kind of people. It is very important to fill the jobs with suitable people who will carry out the job effectively. The staffing is very important because of following reasons.

- (i) It helps in discovering talented and competent workers and developing them to move the organization ladder.
- (ii) Staffing is important to put the right person at right job which results in increased production.
- (iii) It avoids sudden disruption of the production due to shortage of workers, since it plans and fills the positions.
- (iv) It maintains harmony and creates healthy atmosphere in any organization by planning the promotions, training needs and additional skills required.
- (v) It plans the requirement of man power at various time and levels of a project and cater to it.

#### **Elements of staffing:**

While carrying out the staffing function, the management should ensure that right people are engaged for a job. The jobs cannot be changed to suit the people. The main elements involved in staffing are:

- (i) Proper placement of people.
- (ii) Rational recruitment and selection.
- (iii) Proper positioning and fixation of salaries.
- (iv) Providing necessary training for the people to carry out the job.
- (v) Good promotional policies and retirement scheme.

**Functions of staffing:**

Staffing plays a vital role in organization. It has key roles to play for the well being of any organization. The following are some of the functions of staffing.

**(i) Man power planning:**

The first function of staffing is to plan the requirement of man power in various levels of organization to achieve the objectives of the organization. Man power planning involves short term and long term. Short term is the immediate requirement of man power to reach the targets where as long term planning involves the requirement of people for future proposed projects.

**(ii) Development:**

Development means preparing the people of an organization to develop required skills to perform their tasks. This involves training of people.

**(iii) Fixing employment standards:**

The staffing defines and fixes the responsibilities of people. The specification and qualifications of people to be put on a particular job are prepared.

**(iv) Sources of selection:**

The staffing identifies and specifies sources of selection like internal or external sources. A position may be filled by people from internal source available within the organization either by transfer or promotion. External sources may be considered for filling a position from outside organizations.

**(v) Selection:**

After having identified the sources of selection, next function is selection process. People are selected as per specifications and qualifications set earlier and recruited. The selected people are placed on the job.

**(vi) Training:**

If required, the selected people are given necessary training to carry out the specific job.

**(vii) Routine functions:**

In addition to the above functions, the staffing also involves in promotion, transfer, punishment, motivation, welfare, coordination, retirement etc.

**5.2 SELECTION**

Selection of personnel for the organization is one of the most important managerial responsibilities.

According to the requisition, a primary selection is done for the suitable candidates, to be called for the interview. The final selection is done by the executives in the case of higher posts and for lower posts recruitment, the personnel officer is present in all selections and keeps an eye on the recruitment activities with an aim:

- To find out whether the candidate can be suitable employee. For this, the candidate should be clearly told about the nature of the job, terms and conditions.
- To know the suitability for the particular jobs, he can be cross questioned and thus the suitability can be judged.
- If the selection of the worker, admitted to the firm is not working skillfully then the result will be, either there will be a poor level of work or there will be a high rate of labour turnover. Both will be harmful to the firm in the long run. Therefore every effort should be made to make proper selection.

**5.2.1 Techniques of selection**

- Application Banks
- Preliminary or Initial Interview
- Interview
- Group discussion
- Employment tests.

**(i) Application Bank**

It is invariably used as one of the selection tools and can be helpful at the interview stage. It provides actual information needed for evaluating the candidate's suitability. It is also used as a basic record of his personnel data is about educational qualifications, training, experience etc. Many large companies use such application forms which determine, whether the candidate possesses the basic minimum requirement about the Qualifications, Knowledge and Skills or not.

Generally they seek information in the following areas:

- Personnel data such as age, sex, marital status.
- Family background, such as father's and mother's occupation and earnings.



- Educational background including training.
- Employment record including details about previous employment if any and present employment.
- Name and address of few persons usually other than relation to whom references can be made.
- Membership of professional organization.
- Reason for seeking job in the organization.

#### (ii) Preliminary or Initial interview

This interview is usually of short duration and is aimed at obtaining certain basic information with a view of identifying the knowledge and other information not present in application.

The candidate is asked about his educational skill, knowledge, job experience, minimum salary acceptable etc. Sometimes he is also asked that why he is applying for job in that particular organization. If the candidate seems to be possessing the basic minimum requirement for efficient performance, he is given an application form to fill in.

#### (iii) Interview

It is one of the least reliable and valid selection techniques. It relies upon considerable extent in accepting or rejecting a candidate. The interview is left with the inevitable personality variables and for this he has nothing to depend upon except his subjective judgement. The interview may follow a structural pattern or an unstructural pattern.

- In structural pattern or directive pattern: In structural pattern of interviewing, a list of questions based on job specification is prepared in advance. The interview may be occasionally separated from the prepared list of questions and put other questions.

The candidate is supposed only to answer the questions and the interviewer can learn a lot about the candidate's ability and knowledge, but this technique imposes serious limitation in drawing out his personality. It is not very effective.

- Unstructural or non-directive or unpatterned : It is one of the most effective interviewing technique. The interviewer, instead of asking too many questions initiates the candidate to create a kind of permissive atmosphere in which the candidates talks usually quite revealingly about his experiences, aspirations, fear, weakness etc. This kind of interview requires a high degree of interviewing skill and it can therefore be conducted by only trained interviewers.

In some large organizations, the candidate has to go through a review of

two or three panel interviewers. After each panel interviewer some candidates are eliminated and only those candidates, who succeed in the first interview are sent on to the second interviewing panel and so on.

#### (iv) Group Discussion

In this technique candidates are brought together in group of 6 or 8 persons for informal discussion and the selectors observe them and evaluate them. There are two kinds of group discussions, one where a problem is given to a group to discuss and the individual member is free to choose his own approach. (In the second type, each individual is given an initial position and supplied with supporting information to defend his own position.)

#### (V) Employment tests

Most of the large companies use one or other kind of employment tests. Before a company use employment test it should take following points into account.

- Since the tests are aimed at predicting future success in a job situation, they should be selected or designated on the basis of a sound job analysis programme.
- In deciding upon the test to be used as a selection tool, its specialty should be taken into considerations.
- Tests should be valid. Before a test is selected for use as an employment, its validity should be determined in relation to the specific job.

Tests are only one of the techniques of selection. They are not fool proof and therefore instead of using single test, often a batch of tests is used. A variety of test are used as selection tools.

The object of these scientific methods of selection is to ensure that a person selected possesses those physical and mental qualities in required degrees which are essential if he is to become an efficient and successful worker.

- Intelligence Test: It is a measure of an individual's capacity of reasoning and verbal comprehension. It is used in the selection and classification of workers for almost every kind of job from the unskilled to the highly skilled, administrative and professional jobs.
- Vocations Aptitude Test : Physical strength and general intelligence are not enough to enable a person to perform a task efficiently. Besides, he must posses the ability for the performance of that job. Infact from the point of view of future achievements, a person of high natural ability is likely to prove more successful than one who

through training and experience has gained more knowledge but possesses less natural ability. If this is correct, then it makes it necessary to find out whether the applicant possesses the necessary vocational aptitude or not.

- **Analytical Test:** In this method, a job is analysed in terms of key qualities or abilities as speed and quality of observations, ability to keep one's head and not get confused when a quick decision is called for. A test or a combination of tests are then taken which measure the degree to which these abilities are present or lacking in the candidate.
- **Synthetic Test:** In case of jobs which are complex and for which the analytical tests can't be performed, synthetic tests may be adopted. It presents the candidate a complex situation more or less similar to the one normally present in actual task and his success or failure in the test is accepted as the possession or absence of the required vocational aptitude.

### 5.3 RECRUITMENT

It is an important step in the employment of labour. Haphazard recruitment of labour brings in a measure of chances and uncertainty in an industry and may result in inefficiency and loss of production. This means that systematic steps should be taken to ensure that right type of persons are available to the concern in right number.

The numbers of workers required by a concern depends on

- The scale of production.
- The degree of mechanization.

Following are the various sources from where the personnel may be recruited:

- Applications introduced by friends and relatives.
- Consulting agencies.
- Campus recruitment.
- Casual callers
- Through advertisement.
- Field trip and college recruitment
- Employment exchange.
- Labour contractors.
- **Applications Introduced by friends and relatives:** Often the employees introduce their relative's application to find a good job for them. Many companies prefer to take such candidates because their background can be

known. In this way a good worker can bring a good worker. However this may lead to nepotism and favouritism.

❖ **Consulting agencies:** A consulting agency is commonly utilised to find specialised executive personnel. It either helps the personnel department by supplementing its efforts or work on its behalf. In such a situation, the agency must understand and estimate correctly the client's past experiences, history and future projections.

❖ **Campus recruitment:** As a large numbers of management institutes like IIM, XLRI, IIT etc., are engaged in giving the professional training, many companies find it easier to pick up the best talent straight from the institute to fill its managerial position. In fact these professional institutes have provided recruitment source to firms.

❖ **Casual callers:** Sometimes on his own initiative, the applicant sends his application for the job. The personnel office keeps the record of applications and the suitable candidates can be selected from the callers.

❖ **Through advertisements:** Companies advertise <sup>tv, radio</sup> in the newspaper for their vacancies. Generally the senior posts are filled by this method when they can't be filled by promotions. The advertisement gives a wide range of choice. It also depends upon the employers fame. If the name is not reputed one some of the good personnel do not apply.

❖ **Field trips and college recruitment:** This method is being used for private industrial firms. These firms send their selecting teams to respective colleges and universities, interview the candidates who are nearing completion of their studies and make selection. This is no doubt very expensive and time consuming but has the advantage of choosing the cream from the lot.

❖ **Employment exchange:** The recruitment is also done through the employment exchange of the persons who are enrolled in the exchange. The main function of the exchange are:

- To supply informations about persons in need of jobs and about jobs that are available.
- To direct persons to factories where suitable jobs exist. 
- To develop job specification.
- To procure information about current wage rate.
- To introduce selected employees with personnel department and policies of the company.
- To follow up the new recruits for initial adjustments.

- To look after the employee canceling and operating the system seriously.
- To keep records of employees, hired, resigned, discharged and transferred.

**Labour Contractors:** The casual vacancies may be filled up by the company through labour contractors. Usually unskilled candidates are appointed in this manner.

### REVIEW QUESTIONS

1. Explain the nature and importance of staffing.
  2. What are the various elements of staffing? Explain.
  3. Explain the techniques of selection.
  4. What are different types of interview techniques?
  5. Explain group discussion.
  6. What is recruitment? Explain various sources of recruitment.
  7. Differentiate between recruitment and selection.
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## CHAPTER 6

# DIRECTING

### 6.1 MEANING AND NATURE OF DIRECTING

Direction means issuing of orders, leading and motivating subordinates as they go about executing orders. It is also defined as the process and techniques used for issuing instructions to carry out a job and making sure that the operations are carried out as per the plan.

Directing is the interpersonal aspect of managing by which subordinates are led to understand and contribute effectively and efficiently to the attainment of enterprise objectives. The direction has two major activities namely (i) giving orders to employees and (ii) leading and motivating them to accomplish the goals.

#### Definition of direction:

"Directing is the interpersonal aspect of managing by which subordinates are led to understand and contribute effectively to the attainment of enterprise objectives. (Harold D Koontz & O'Donnell)

"Directing consists of the processes and techniques utilized in issuing instructions and making certain that operations are carried on as originally planned" (Haimann)

"Direction is telling people what to do and seeing that they do it to the best of their ability. It includes making assignments, corresponding procedures, seeing that mistakes are corrected, providing on-the-job instruction and issuing orders". (Ernest Dole)

"Directing is the guidance, the inspiration, the leadership of those men and women that constitute the real core of the responsibilities of the management". (Urwick and Breach)

#### Principles of Direction:

The role of a manager is to understand the needs, motives and attitudes of his subordinates. He should use appreciate strategies according to the people and situations. The following are some of the principles of effective direction:

##### (i) Harmony of objectives:

For an organization to function well, the goals of company and goals of individuals are in complete harmony. It is very uncommon for such a situation

Harmony of objectives  
 Effectiveness  
 Right or wrong  
 Subsidiary  
 Full or limited  
 West & command  
 Command  
 Effect  
 Control

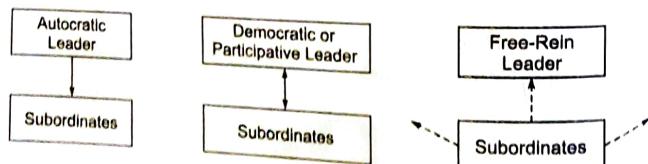
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ship traits or their relationship to actual instances of leadership. It is found that most of these so called traits are really pattern of behaviour.

There are several theories based on leadership behaviour and styles. Some of them are:

- Leadership based on the use of authority.
  - Likert's four systems of managing.
  - The managerial grid and
  - Leadership involving a variety of styles and level of use of power and influence.
- (i) **Style based on authority:** Based on how the authority is used, the leaders are styled into 3 groups.
- The first is "autocratic leader" who commands and expects compliance, is dogmatic and positive, and leads by the ability to withhold or give rewards and punishment.
  - The second is "democratic or participative leader" who consults with subordinates on proposed actions and decisions and encourages participation from them. This type of leaders include the person who does not take action without the concurrence of subordinates and who makes decisions but consults with subordinates before doing so.
  - The third type is "free-rein" leader who uses his power very little and gives a high degree of independence to his subordinates to carryout their work. Such leaders depend largely on subordinates to set their own goals and the means to achieve.

Figure below shows the flow of influence in the three situations of leadership.



*The flow of influence with three leadership styles*

There are some variations within this simple classification of leadership styles. Some democratic leader may consult and listen to their followers ideas, but when decision is to be made, they make their own decision. A participative leader is the person who is supportive. They consult with their subordinates and take their opinions, feelings and suggestions before making

The use of any style will depend on the situation. A manager may be autocratic in routine and emergency tasks. Leaders gain considerable knowledge and better commitment on the part of persons involved by consulting with subordinates whereas 'free-rein' type leadership works better in R & D organizations.

#### Comparison of leadership styles

Factor	Leadership style		
	Autocratic	Participative	Free-Rein
1. Decision maker	Leader only	Leader in consultation with subordinates	Subordinates only
2. Discipline	Obey the leader	Cooperative	Self-imposed
3. Delegation of authority	Rare	Good	Complete
4. Responsibility	Leader	Leader and subordinates	Individuals
5. Initiative	By leader	By team	Only by individuals
6. Communication	One way and downward	Both ways	Free flow
7. Motivation	Punishments	Rewards	Self motivated
8. Hierarchy of needs	Physiological and safety	Mixed	Self attenuation
9. Focus	Task oriented	People oriented	People

- (ii) **Likert's four systems of management:** Prof. Likert had developed four systems of management based on his study of patterns and styles of leadership.

**System 1:** Management is described as "exploitative-authoritative". Its managers are highly autocratic, have little trust in subordinates. They motivate people through fear and punishment, only occasional rewards, engage downward communication and limit decision making to the top.

**System 2:** This is called "benevolent authoritative". Its managers have a patronizing confidence and trust in subordinates, motivate them with upward rewards and some fear and punishment, allows little upward

to exist in any organization. Individual goals may differ from the goals of the organization. The manager should coordinate the individual goals to be in harmony with the goals of the organization.

#### (ii) Unit direction of command:

This principle implies that an employee should receive orders and instructions only from one supervisor or boss. Otherwise, there may be indiscipline and confusion leading to conflicting orders, divided loyalties and reduced results.

#### (iii) Efficiency:

If the superior consults with the subordinates in decision-making, then there would be a sense of commitment. This makes the direction easy and improves the efficiency of subordinates.

#### (iv) Direct supervision:



Managers should have direct face-to-face contact with the subordinates. Personal touch with subordinates will ensure successful direction.

#### (v) Effective communication:

The supervisor must have good communication skills. He must clearly communicate the plans, goals, policies, responsibilities and the duties to the subordinates. In communication, comprehension is more important than the content.

#### (vi) Effective control:

The management should monitor the behaviour and performance of subordinates to exercise effective control over subordinates.

#### (vii) Follow-through:

Direction is a continuous process. Having given the directions may not ensure carrying out them. Hence a manager should follow-through the performance of his subordinates. Follow up is very important function of direction.

### 6.2 LEADERSHIP

Leadership is an important aspect of managing. Leadership is defined as "Influence, that is, the art or process of influencing people so that they will strive willingly and enthusiastically towards the achievement of group goals". (Koontz and Wehrich) In other words, people should be encouraged to develop

not only willingness to work but also willingness to work with zeal and confidence.

"The will to do is triggered by leadership and lukewarm desires for achievements are transformed into burning passion for successive accomplishment by the skilful use of leadership" (George R Terry).

"Leadership is the lifting of man's visions to higher sights, the raising of man's performance to a higher standard, the building of man's personality beyond its normal limitation". (Peter Drucker)

"Leadership is the ability to secure desirable actions from a group of followers voluntarily without the use of coercion." (Alford and Beatty)

"Leadership is the ability to persuade others to seek defined objectives enthusiastically. It is the human factor which binds a group together and motivates it towards goals". (Keith Davis)

### 6.3 LEADERSHIP STYLES

There are 3 widely used leadership styles or leadership approaches viz., Traits approach, Behavioural approach and Contingency approach.

#### 6.3.1 Traits approach

Trait is basically a character and early notions about leadership dealt with personal abilities. It was believed that some people have leadership qualities by birth or god's gift. The traits that associate with leadership are identified as: mental and physical energy, emotional stability, knowledge of human relations, empathy, objectivity, personal motivation, communication skills, teaching ability, social skills, technical competence, friendliness and affection, integrity and faith, intelligence etc.

This approach has several drawbacks:

- It failed to identify right traits required for effective leadership.
- It is difficult to associate the traits with jobs to be carried out. A leader who is successful in one area may be a failure in different area.
- Since these are subjective, it is difficult to measure their effectiveness quantitatively.
- This approach implies that leadership is in-built quality and no training can make a person leader.

#### 6.3.2 Behavioural approach

Several studies have been made did not agree as to which traits are leader-

communication, solicits some ideas and opinions from subordinates, allows some delegation of decision making but with close policy control.

**System 3:** This is referred to as "consultive" management. Managers in this system have substantial but not complete confidence in subordinates. They usually try to make use of the ideas and opinions of subordinates, rewards for motivation, occasional punishments, engage in communication in both up and down and act like a consultant to both top and subordinates.

**System 4:** This is most participative type and hence it is often called as "participative-group". These managers have complete trust and confidence in subordinates in all matters. They always get ideas and opinions from subordinates and use them for constructive purpose. They give monetary rewards, encourage decision making and work with subordinates as a group.

(iii) **The managerial grid:** A well-known approach to defining leadership styles is the managerial grid developed by Robert-Blake and Jane Mouton. Building on previous history which dealt with managers concerned with both people and production, they devised a two dimensional grid based on people and production. "Concern for production" on X-axis of grid includes the attitudes of a supervisor towards a variety of things such as quality of policy decisions, procedures, creativeness, staff services, work efficiency, volume of output etc. "Concern for people" is taken on Y-axis of grid. This includes elements like degree of personal commitment towards good achievement, maintenance of self-esteem of workers, placement of responsibility on the basis of trust rather than obedience, provision of goal working conditions and maintenance of satisfying interpersonal relations.

The managerial grid is a useful device for identifying and classifying managerial styles, but it does not tell how to lead.

(iv) **Leadership involving a variety of styles:** This concept is also called as leadership continuum. It is seen that the leadership involves a variety of styles ranging from one which is highly boss centered to the other which is highly subordinate concerned. The style vary with the degree of freedom a leader or manager grants to his subordinates. Thus instead of suggesting a choice between two extreme styles of leadership autocratic and democratic, this approach offers a range of styles with no suggestion of what is right and what is wrong. This theory recognizes that which type of leadership is appropriate depends on the leader, the subordinates and the situation.

### 6.3.3 Contingency approach to leadership

The behavioural approach seems to suggest that the best style of leadership is one that combines both autocratic and democratic. There is no one best style of leadership under all conditions. Effective leadership style varies with situation. The effective leaders need to analyse the situation and find the most appropriate and best-suited style for a given environment. Contingency approaches have much meaning for managerial theory and practice.

## 6.4 MOTIVATION

### 6.4.1 Introduction

Management is an art of getting the work done by the people and thereby achieving the best results. Getting the work done, depends upon the inducement of the people to better their performance by inspiring the personnel with a zeal to do work for the accomplishment of objectives of the organization. It may rightly be called motivation of people, the most important function of the personnel management. Management should constantly provide for incentives or motivating forces to intensify their desire and willingness to apply their potentialities for the achievement of common objectives. Some people may be motivated by the intense outer pressures of reward while some others are self-motivated.

Motivation is derived from 'motive'. Motive means any idea, need, emotion or organic state that prompts a man to an action. Motive is an internal factor that integrates a man's behaviour. As the motive is within the individual, it is necessary to study the needs, emotions etc., in order to motivate him to do work. There are certain inducing factors which influence the man's behaviour and induce him for the best performance to meet his needs and emotions. So motivation is a process to get the needs of the people realised with a view to induce him to do work. Indeed motivation is nothing but an action of induction.

Motivation has been defined by Edwin B. Flippo as follows:

- Motivation is the process of attempting to influence others to do your will through the possibility of gain or reward.
- Motivation is the process consisting of the three parts (a) motives, (b) the needs, drives, desires, aspirations etc., which are the motivating factors (c) attainment of the objectives.

### 6.4.2 Characteristics of Motivation

The following are the characteristics of motivation.

- **Motivation is a Psychological Concept:** Motivation should come from inside each individual. There are two desiring factors, in motivation:
  - (i) Fundamental needs, such as food, clothes and shelter and
  - (ii) Ego-satisfaction including self-esteem, recognition from others, opportunities for achievement, self-development and self-actualisation, which act as powerful, though unconscious, motivators of behaviour.
- **The whole individual is motivated, not part of him:** A person's basic needs determine to a great extent what he will try to do at any given time. All these needs are interrelated because each individual is an integrated organised whole.
- **Motivation is an unending process:** Man is a social animal. As a social animal he has innumerable wants which induce him to work. If one basic need is adequately satisfied for a given individual it loses power as a motivator and does not determine his current behaviour, but at the same time other needs continue to emerge. Wants are innumerable and cannot be satisfied at one time. It is an unending process so the process of motivation is also unending to induce the person to satisfy his innumerable wants.
- **Frustration of basic needs makes a man sick:** If anybody fails in trying to meet a need which he feels is essential for him, he becomes to some extent, mentally ill and such frustrated man cannot be motivated any further, until his essential need is satisfied.
- **Goals are motivators:** Goals and motives are inseparable. Man works to achieve the goals. As soon as the goal is achieved he would be no longer interested in work. Therefore, it is very essential for the management to know his goal to push him to work.
- **The self-concept as a unifying force:** Unifying force means the drive to actualise his own image of himself. The outlines of a person's self image are fairly well checked in early childhood and thereafter do not act inner change. For example, a child who easily seems himself as a leader, will if possible try to behave that way in later life. Thus, two things that individual is always trying to do are:
  - (i) to act like the person he thinks he is, and
  - (ii) to get what he thinks he can.

Motivation is an important function of personnel management because management of personnel means getting the work done by the people to achieve the organizational objectives. Motivation is one of the methods to induce the

man on the job to get the work done effectively to have the best results towards the common objectives. Motivation is necessary for the better performance.

The expected results from motivation are as follows:

- **Best utilisation of Resources:** All other resources (except human resource) can produce no results unless the man tries to put them into programmers laid down by the organization by utilising the other resources to the best of their efforts.
- **Will to Contribute:** A distinction should be made between capacity to work and willingness to work. A man can be physically, mentally and technically fit to work but he may not be willing to work. Motivation concerns to create a need and desire on the part of the workman to present his better performance.
- **Reduction in labour problems:** All the members try to concentrate their efforts to achieve the objectives of the organization and carry out the plans in accordance with the policies and programmes laid down by the organization. If the management introduces motivational plans, it reduces the labour problems like labour turnover, absenteeism, in-discipline, grievances etc., because their real wages increase by the motivational plans.
- **Sizable increase in production and productivity:** Motivation induces the men to work hence it results in increased production and productivity because men try to put their efforts to produce more and more and thus their efficiency increases.
- **Basis of co-operation:** In a zeal to produce more, the members work as a team to pull the weight effectively, to get their loyalty to the group and the organization, to carry out properly the activities allocated and generally to play an efficient part in achieving the purposes which the organization has undertaken. Thus motivation is the basis of cooperation to get the best results out of the efforts of the men on the job.
- **Improvement upon skill and knowledge:** All the members will try to be as efficient as possible and will try to improve upon their skill and knowledge so that they may be able to contribute to the progress of the organization.

#### 6.4.3 Positive and Negative Motivation

Motivation is concerned with inspiring the man to work to get the best possible results. It may be done by two ways:

- by positive motivation and
- by negative motivation.

### (i) Positive Motivation

In the real sense, motivation means positive motivation. Positive motivation makes the people induce to do their work in the best possible manner they can and improve their performance. It provides better facilities and rewards to them for their better performance. Such rewards and facilities may be financial and non-financial. Financial or monetary motivation may include different incentive wage plans, productive bonus schemes etc. Non-financial or non-monetary motivation may include promotion, praise for the work, participation in management, social recognition etc. Monetary incentives provide the worker a better standard of life while the non-monetary motivation satisfies the ego of the man.

### (ii) Negative Motivation

Negative motivation aims at controlling the negative efforts of the workers and so inducing the man to work positively in the interest of the organization. It is based on the concept that if the man fails in achieving the desired results, he should be punished. Punishments, reprimands, fear of loss of job are some of the methods which are usually taken as a means to direct the man in the desired direction. Under this method man works in fear and tends to produce minimum enough to get by safety. The negative motivation may also be classified into monetary and non-monetary motivation. Wages may be cut in case he produces below the standard fixed, keeps himself away the work and creates indiscipline in the organization. The non-monetary negative motivation may include reprimands, cut in facilities and greater control on the activities etc. This is based on the presumption that man works because of fear.

Though both the methods of motivation – positive and negative aim at inspiring the will of the people to work but the two differ in their approaches. Positive approach has no place for punishment whereas the negative approach does not provide for rewards. In this sense both are opposite to each other and may be regarded as two ends of a rod.

### 6.4.4 Human Needs

The central problem of motivation, as far as management of an organization is concerned, is how to induce the people because the psychology and behaviour of people differ from one another. A manager should invariably, know before planning for motivation, why people work. In order to take effective motivational decision the manager should study and try to understand the behaviour of people at work and thus plan to motivate it in the desired direction.

For this purpose, manager must have knowledge of the motives of the worker which bring about purposeful behaviour and induce him to behave in a particular manner. These motives are known as 'needs' or 'wants'. These are drives to work. They have direct influence on the individual, since they determine in part his thoughts and actions.

Need can be defined as a condition requiring supply or relief, the lack of any requisite, desired or useful. A motivating situation has both subjective and objective aspect. The subjective side is a need, a drive or a desire. The objective side is called the incentive or goal. When the process of obtaining the incentive satisfies the needs, the situation is described as motivating.

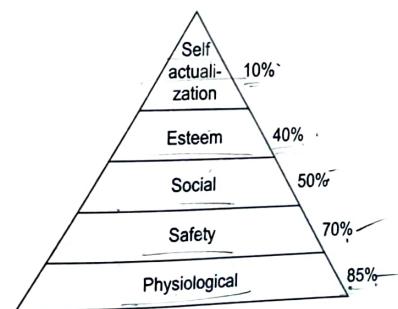
### 6.4.5 Maslow's theory of motivation

Abraham Maslow was the pioneer in contributing a systematic scheme of need hierarchy. He arrived at a conclusion, after a proper research, that there are certain perceived needs of the employees which they expect to be satisfied by joining any organization. If the perceived needs are satisfied according to the satisfaction, they feel satisfied and motivated and if there is a gap between the two, they become slow or refuse to work,

### Maslow's hierarchy of needs

Maslow has suggested that the underlying needs for all human motivation can be organised in a hierarchical manner on five general levels,

They are (i) Physiological needs (ii) Safety needs (iii) Social needs (iv) Esteem needs and (v) Self-actualization.



➤ **Physiological needs:** At the lowest order level are physiological needs which include the need for food, water, sex, clothing and shelter. For a human being who lacks every thing the major motivation would be such physiological needs.

- If these needs are not satisfied, other needs will not emerge.
- **Safety needs:** When the physiological needs are satisfied, the safety needs become the most important in the hierarchy. These are the needs for protection against danger or loss of existing physiological needs.
  - **Social needs:** The third level in the hierarchy comprises the social needs, that is the giving and receiving of love, friendship, affection, belongingness, association and acceptance. If the first two levels are fairly well satisfied, then a person becomes keenly aware of the absence of friends or of a sweetheart, and will be motivated toward affectionate relations with people in general.
  - **Esteem needs:** At the fourth level in the hierarchy are the esteem needs (ego needs), which are generally classified into two subsets. The first subset includes the needs for achievement, strength and freedom. In essence this is the need for independence. The second subset includes the needs for status, recognition, and prestige. In essence this is the need for self-esteem or self-worth.
  - **Self actualization:** The fifth and highest level in hierarchy is the self-actualization need. This is the need to realize one's potentialities for continued self-development and the desire to become more and more of what one is and what one is capable of becoming. This is also known as self realization or self actualization.

*For Example:* A musician must create music, an artist must paint, a poet must write in order to achieve ultimate satisfaction.

In 1943 Maslow arbitrarily suggested that in general, our physiological needs are generally 85% satisfied, the safety needs 70% satisfied, the social needs 50%, satisfied, the esteem needs 40% satisfied and the self actualization needs 10% satisfied.

#### 6.4.6 Behaviour

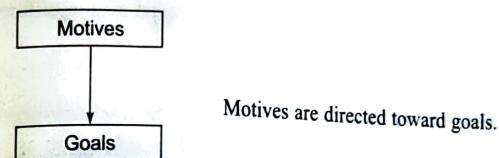
Behaviour is basically goal oriented. In other words, our behaviour is generally motivated by a desire to attain same goal.

The basic unit of behaviour is an activity. In fact any behaviour is a series of activities and motives. The motivation of people depends on the strength of their motives. Motives are defined as needs, wants, drives, within the individual. Motives are the ways of behaviour. They arouse and maintain activity and determine the general direction of the behaviour of an individual.

#### 6.4.7 Goals

Goals are outside of an individual. They are referred to as hopes for

rewards towards which motives are directed. Managers who are successful in motivating employees are often providing an environment in which appropriate goals are available for need satisfaction.



#### Motive Strength

This can be defined as the need which has the highest strength at any given time. If a need is satisfied the motive strength for the particular need will decrease at that particular time.

#### Changes in motive strength

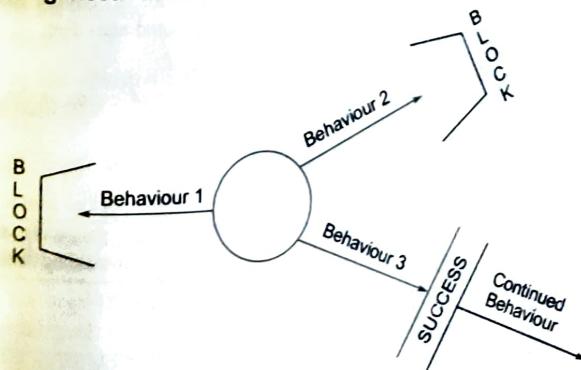
A motive tends to decrease in strength if it is either satisfied or blocked from satisfaction.

#### Need Satisfaction

When a need is satisfied according to Maslow, it is no longer a motivator of behaviour. High strength needs that are satisfied are sometimes referred to as "satisfied".

*Example:* If a high strength need is thirst, drinking tends to lower the strength of this need, and afterwards the other needs may now become more important.

#### Blocking need Satisfaction



The satisfaction of a need may be blocked. If there is a high motive strength for attaining a particular goal the individual may behave in various ways to attain a goal. If all the ways are blocked either by imaginary or real barriers, then frustration can take place. Frustration can take in different forms.

*Example :* Regression, Fixation

### Frustration

The blocking or thwarting of goal attainment is referred to as frustration. This is defined in terms of the condition of the individual rather than in terms of the external environment. A person may be frustrated by an imaginary barrier and may fail to be frustrated by a real barrier.

Aggression, Rationalization, regression, fixation and resignation are all symptoms of frustration.

### Increasing Motive Strength

Behaviour may change if an existing need increases in strength. The strength of some needs tends to appear in a cyclical pattern.

*Example:* The need for food tends to recur regardless of how well it has been satisfied at a given moment.

### Categories of activities

Activities resulting from high strength can be classified into goal directed activity and goal activity.

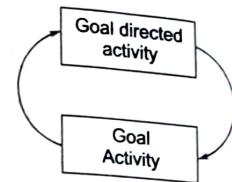
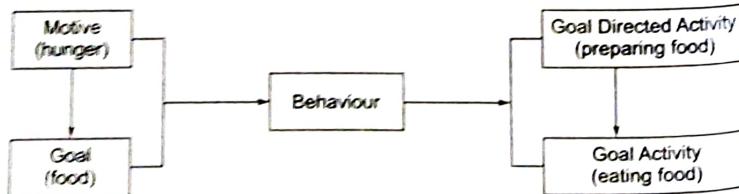
➤ **Goal directed activity:** It is motivated behaviour directed at reaching a goal.

*Example :* If one's strongest need at a given moment is hunger, various activities such as looking for a place to eat, buying food or preparing food would be considered goal-directed activities.

➤ **Goal-activity :** It is engaging in the goal itself.

*Example:* In case of hunger, food is the goal and eating is the goal activity.

### 6.4.8 Motivating Situation



### 6.4.9 Expectancy and Availability

Two important factors that effect strength of needs are expectancy and availability.

#### Expectancy

It is the perceived probability of satisfying a particular need of an individual based on past experience. Expectancy can be either actual or vicarious. Vicarious behaviour comes from sources such as parents, teachers and books etc.

*Example:* Suppose a boy's father is a cricket star and the boy also wants to become a cricketer. In the beginning his motive strength will be very high, but if he is not selected year after year, then his expectancy of being a cricket star decision will slowly die and finally he may give up hopes of being a cricket star.

#### Availability

This reflects the perceived limitations of the environment. It is determined by how the goals that can satisfy a given need by an individual.

*Example:* If a person is watching a TV in the night and if current goes off he can not watch TV or read. This goal activity is limited by the external factors. So the individual may settle for sleeping. This availability is variable of environment.

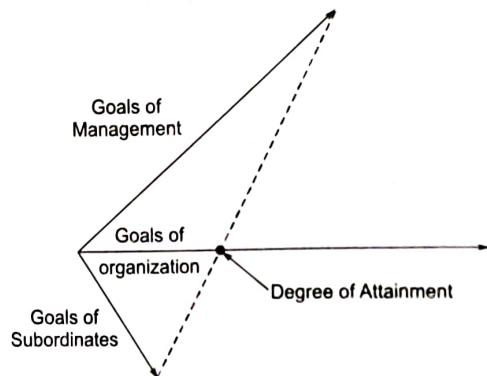
In this situation there seems to be a general disregard for the welfare of the organization.

### 6.4.10 Goal oriented behaviour

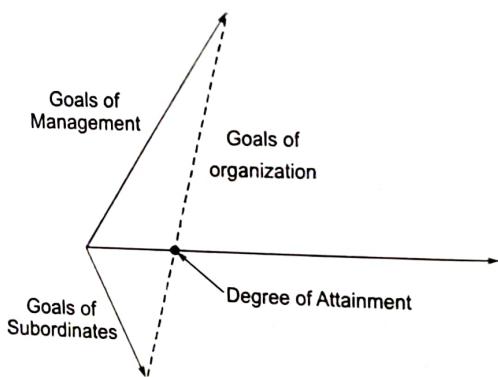
Since in every human being there is some need or the other, there will also be a goal for every human being. He works to achieve the goal. This is goal oriented behaviour.

An organization can be considered as collective of individuals with one particular goal. It may so happen very often that the goals of the management do not coincide with the goals of the individual. When this happens the organization will not prosper. If the goal of the individual can be made parallel to

the goals of the organization then the organization will be profited. This can be represent by means of vector diagram as shown below:

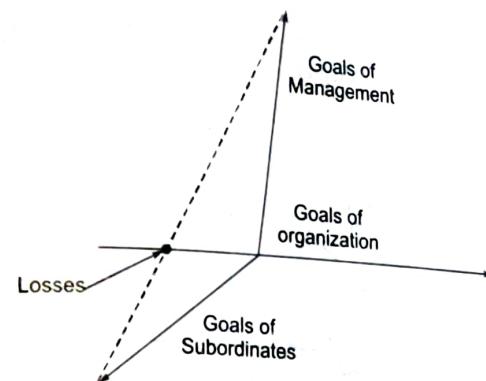


In this, the result of the interaction between the goals of management and the goals of subordinates is a compromise and actual performance is a combination of both. This situation can be much worse when there is little accomplishment of organizational goals.



Both managers and workers see their own goals, conflicting with those of the organization.

In some cases, the organizational goals can be so opposed that no positive progress is obtained and resulting in losses.



The hope in an organization is to create a climate in which the two things occurs. The closer we can get the individuals goals and objective to the organization goals the greater will be the organizational performance as shown here.

#### 6.4.11 Integration of organizational goals and needs of an employee

The goals of organization mainly are increasing the production and process. The needs of the employee also must be the same as that of the organization. For this the basic needs must be satisfied i.e., the physiological, safety, and social needs must be satisfied.

- **Physiological needs:** Money is the goal; for this need money satisfies other needs as well. So workers will demand higher wages and other financial benefits.

- **Safety:** Free from hazards of life, accidents, diseases, wars, etc., are the goals for the need of safety. Insurance for life, accident, health, promise for retirement benefits etc., are the best measures to satisfy the need of safety. Security of job is a very important goal.
- **Social need:** This is expressed in the form of co-operation tendency of workers. They join groups of similar belief oriented people.
- **Esteem:** Which are generally classified into two subjects. The first subject includes the needs for achievement, strength and freedom. In essence this is the need for independence. The second sub-set includes the needs for status, recognition, and prestige. In essence this is the need for self-esteem or self-worth.
- **Self actualization:** This is the need to realize one's potentialities for continued self-development and the desire to become more and more of what one is and what one is capable of becoming.

#### 6.4.12 Needs of an employee

Maslow told motives are those which are still not satisfied. So accordingly the workers want the following:

- Full appreciation of their work
- Feeling in the things
- Sympathetic understanding of personal problems
- Job security
- Good manager
- Good wages
- Promotion and growth with company
- Management loyalty with workers
- Good working conditions
- Tactful discipline

#### 6.4.13 Hawthorne Studies and its findings

In 1924, experts at a Hawthorne plant of the Western Electric Company, USA., decided to study the effect of illumination on productivity. It is one of the most famous studies in the history of human relation.

In the beginning of studies the efficiency experts assumed that the output increases with illumination for that the expert selected two groups of employees: Control group and the Test group.

The control group worked under normal lighting. The test group worked under various light conditions. As the lighting was increased the output of the

test group also increased as expected. But the output of the control group also increased. But this was unexpected. The experts could not explain this. Elton Mayo of the Harvard University tried to explain this:

They increased and improved the working conditions of the workers in the control group and the output was correspondingly high. After one and half years the team suddenly brought the conditions back to normal. They expected to have a negative psychological impact on the women workers and reduce the output. But the output jumped to all time high.

So, Hawthorne research found out that the workers were motivated to work more when the benefit was decreased. The workers wanted to get the same level of benefit so they work hard to get the benefit and therefore production increases or this can also be due to level of self actualization, in which case the workers realized their true potential and did their jobs perfectly. From these researches, they concluded that there is something more than Maslow's hierarchy of needs which motivates the person. They found this to be another theory and later experts like Douglas Mc Gregor called the same as Theory - X and Theory - Y and Chris Argyris also exposed it as Maturity and Immaturity Theory.

#### 6.4.14 Theory X and theory Y

The findings of Elton Mayo helped Douglas Mc Gregor to form his theory of human nature which is called Theory X and Theory Y.

Theory X assumed that the most people are not willing to assume responsibility. They do not like to work and they like to be directed. After defining theory X, he then questioned whether these views of human nature are correct and if management practice based upon it are correct.

Basing his analysis on Maslow's hierarchy of needs, he concluded that the theory X is wrong. Therefore he developed another theory. This is called Theory-Y. This assumed that people are not lazy by nature. The work is as natural as play and people can work naturally if motivated properly.

#### Theory X

- Work is inherently distasteful to most people.
- Most people are not ambitious, have little desire for responsibility and they prefer to be directed.
- Most people have little capacity for creativity in solving organization problems.
- Motivation occurs only at the physiological and safety levels.
- Most people must be closely controlled or often forced to achieve organization objectives.

**Theory Y**

- Work is as natural as play if the conditions are favourable.
- Self control is often responsible in achieving organization goals.
- The capacity for creativity in solving organization problems is widely distributed in population.
- Motivation occurs at the social, esteem and self-actualization levels as well as physiological and security levels.
- People can be self directed and creative at work if properly motivated.

The idea one may get that theory X is manager is usually direct. They like controlling people and they supervise people very closely. Theory Y manager is directly opposite to the theory X manager. They are more supporting and appreciative.

Let us not assure that theory is X good and theory Y is bad or vice versa. For the particular given situation and particular worker for a given job, a manager should choose either theory X or theory Y.

A manager who adopts theory X will be of the type who orders people and is more task oriented. A manager who adopts theory Y will be more relation oriented and will care for worker. But only a combination of both theory X and theory Y will give a manager good control over his group. So a manager should adopt theory X with a particular person and theory Y with the another and so on.

**6.4.15 Immaturity – Maturity theory**

This theory was developed by Chris Argyris of the Harvard University. This theory is better than Douglas Mc. Gregor's Theory X and Theory Y.

According to him, a person will develop from immaturity to maturity in the following seven stages:

- People become adults from infants.
- They become from a dependent to relatively independent persons.
- They are at this state behaving more like adults and less like infants.
- Their interest as adults increases till their interest as children become very little.
- They develop longer time perspective than children.
- They become independent from depending stages.
- They develop awareness of self.

*Directing*

Maturity Theory	Immaturity Theory
Active	Passive
Independence	Dependence
Capable of behaving in many ways	Behave in a few ways
Deeper and stronger interest	Erratic shallow interests
Long time perspective	Short time perspective
Equal or super ordinate position	Subordinate position
Awareness and control over self	Lack of awareness of self.

**6.4.16 Motivation-Hygiene Theory**

This theory was developed by Frederick Herzberg of the University of Utah was the basis of effective utilization of human resources. Herzberg began collecting information on job attitude from over 200 engineers and accountants from various industries in Pittsburgh area. In this interview the people were asked about what kinds of things on their jobs made them dissatisfied or unhappy and what made them satisfied or happy.

In analyzing the data he came to a conclusion that people can be divided into two categories dissatisfied and satisfied. When people are satisfied they are concerned with work it self. He called this as motivation factor. While when they were dissatisfied, they were concerned about the environment in which they were working. He called this as hygiene factor.

**Hygiene Factors**

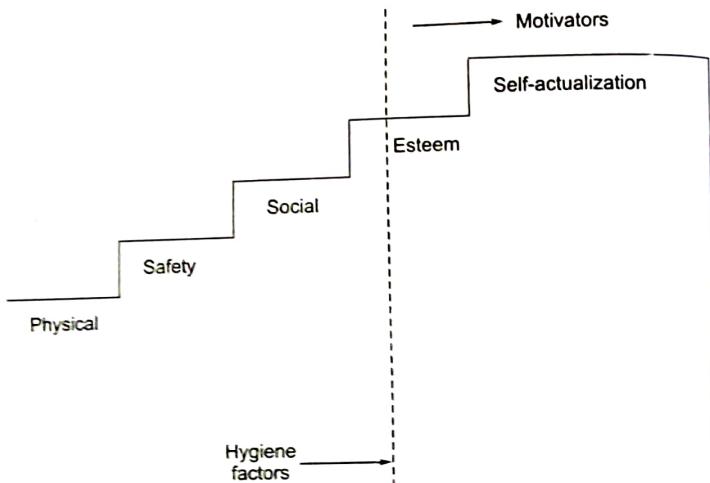
Company policies, administration supervision, money status, security etc., may be thought of as hygiene factors. These are not an integral part of the job but are related to the conditions under which a job is performed. Hygiene factor has not produced a growth in worker's output capacity, but only prevent output losses in worker performance due to work retraction.

In analysis of the data, it was concluded that the people have two categories of needs. The following is the comparison between hygiene factors and motivators.

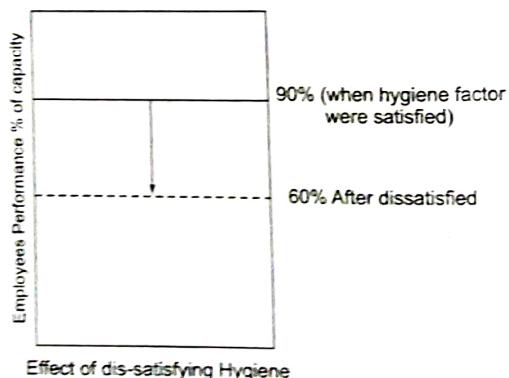
Hygiene Factors	Motivating Factors
Environment	The job it self
Policies and administration	Achievement
Supervision	Recognition for accomplishment
Working conditions	Challenging conditions
Inter-personal relations	Increased responsibility
Money, status, and security	Growth and development.

## Motivator

Feeling which produces feelings of achievement, recognition in jobs can be called motivator. These motivators often increase the productivity. If the motivation hygiene theory is applied to Maslow's hierarchy of needs, one will come to a situation of the type shown below:



As seen from the above figure, the lower of Maslow's hierarchy of needs came under hygiene factors, i.e., physiological safety, social needs are completely by hygiene factors, while esteem is half hygiene and half motivating factor. Self actualization is a completely motivation factor.



Let us assume that a man is highly motivated and is working at a 90% capacity. He has good working relationship with his supervisors. He will be satisfied with his working conditions. Let us also assume that his supervisor is suddenly transferred and a person who is unable to work with him becomes his supervisor, then the man is dissatisfied. His capacity for work falls to 60%.

## 6.5 COMMUNICATION

Communication is the process of transmitting ideas or thoughts from one person to another, for the purpose of creating understanding in the thinking of the person receiving the ideas or information.

It can also be said that communication is an exchange of facts, ideas, opinions or emotions by two or more persons. The effectiveness of communication largely depends upon the proper understanding of what is being communicated and what is being received at the other end. The correct interpretation and understanding of the messages is important from the point of view of organizational efficiency. As such the greater the degree of understanding present in communication, the more likely-hood that the human action will proceed in the direction of accomplishing organizational goals.

### 6.5.1 Systems of communication

- According to organizational structure.
  - (a) Formal and (b) Informal
- According to direction of expression
  - (a) Downward (b) Upward (c) Horizontal
- According to the way of expression
  - (a) Oral or verbal (b) Written.

#### (i) Formal Communication

Such communications are those which are associated with the formal organizations structure. They travel through the formal channels. These communications include orders, instructions, decisions etc., of the supervisor. Thus it is a deliberate attempt to regulate the flow of organizational communication so as to make it orderly and thereby to ensure that the information flows smoothly, accurately and timely. This officially prescribed communication network may be designed on the basis of single or multiple channel. A single channel network prescribes only one path of communication for any particular position and all communications have to necessarily flow through one path only. This path is the line of authority linking its line supervisor and it is commonly referred to as "through proper channel". Its

implication is that all communication to and from a position should flow through the line supervisor and subordinates only.

#### **Merits**

- **Maintenance of authority of the officers:** It helps in exercising control over subordinates and fixation of responsibility in respect of activity to be carried out by a person in the organization.
- **Sound and proper communication:** An immediate supervisor has a direct contact with his subordinates. He/She understands their attitudes, wants, level of intelligence and capacities. He/She can determine efficiently as to how, what and when the information is to be communicated to whom. It is easy to maintain and is orderly in nature.

#### **Demerits**

- **Overload of work:** In a modern business organization, there is a lot of information, messages and other things to be communicated. All these, if transmitted through formal line of authority only, it will increase the work level on the line officers and they will not be able to perform their duties well.
- **Decay in accuracy:** It provides bottlenecks in the flow of information. It exhausts the original distance also and channels of more information at various positions, recode the accuracy of message.
- **Over look by the line officers :** Communication through chains of command is not suitable for upward communication at all. Line officers do not take any interest in their subordinates. They do not like to forward the suggestions to the top management given by their subordinates. This bias changes the nature and characteristic of information at all levels when it reaches its final destination.

#### **Limitations**

- The formal communication is useful only in downward communication. One way of overcoming this limitation is to provide a number of communication channels linking one position with various other positions. Thus the system of multiple channels may improve the situation in some cases, but an unlimited use of this may cause confusion and also undermine the supervisors authority. So along with formal communication, the informal channel should also be developed for efficient and effective communication within the enterprise.

#### **(ii) Informal communication**

It is also known as grape wine communication. The communication to be made through informal channels of communication is called informal communication. It is not the result of official action but of the operation of personnel, social and group relationship of people. Apart from these formal organizational relationship, people have got social or personnel relationship, membership of some club or organizations from same place.

Such channels of communication serve as a quick vehicle for messages. While formal communication exists to meet the utility and needs of the organization, informal communication is the method by which people carry on their non programmed activities within the formal boundaries of the system. Such type of communications are very fast, spontaneous and flexible. It is a very active channel of communication through which the information is carried immediately.

#### **Merits**

- It performs a positive service to the organization.
- It operates with much greater speed.
- The informal communications fulfil needs of various person in the organization, more particularly those persons who freely mix up with others and rely upon informal relationship.
- A typical informal committee network involves people within the same level of an organization.

#### **Demerits**

- It is less orderly and less static.
- Messages communicated through informal channels, sometimes are very erratic and uncertain, and any action taken based upon these may lead to difficult situation to the organization.
- Often it carries incinerate information, half-truths, rumours and distorted information.
- Origin and direction of the flow of information is hard to pin point.
- There is a chance that by the time a communication completes a complex journey it may be distorted.

#### **Limitations**

- The informal communication is the part and parcel of the organizational process. The only thing the management can do in this respect is to take suitable actions to minimise the adverse affect of such channels. Proper analysis of informal communication and a

suitable classification in this respect would be helpful in making its use towards organizational efficiency.

### iii) According to the direction of communication

**Downward Communication:** Communication which flows from supervisor to the subordinate is known as downward communication. They include orders, rules, instructions, society directions etc. Their nature is directive. It would be impossible to manage an enterprise without downward communication.

**Upward communication:** This is just the reverse of the downward communication. It flows from subordinate to supervisor. Each communication includes reactions and suggestions from workers, their grievances etc. The contents of the upward communication are reports, suggestions, reaction, statements and proposals prepared for submissions to the supervisors. There was very little application of this forms of communication sometime before as it does not fit into the traditional theory of organization. But in modern times upward communication is considered to be main source of motivation to employees.

**Horizontal communication:** When communication takes place between two or more persons who are subordinates of the same person or those who are working on the same levels of the organization, this communication is known as horizontal communication or lateral communication or cross communication. The communication between functional managers, among superintendents working under some supervisor, meetings of General Manager's of various factories are some of the examples of such communication. This type of communication may be oral or written.

### (iv) According to the way of expression.

**Oral or vertical communication:** In this type of communication both parties to the process of communication exchange their ideas orally either face to face or through devices like phone, intercoms etc., meetings, conference, lectures, interviews or other ideas.

**Written communication :** In this type of communication, written words, graphs, diagrams, pictures, etc., are used. They may take forms of circulars, rules, manuals, reports, posters, memos etc.

## 6.5.2 Barriers to successful communication

- More levels in organization structure through which an information has to pass.
- Long and instructed channels of communication.

- Heavy work loads at certain level of organization.
- Prestige and superiority complex.
- Sender unable to symbolise the information correctly.
- Prejudicial and biased attitude of the receiver.
- Receiver ignoring conflicting information.
- Receiver tending to evaluate information from his own angle.

## 6.5.3 Techniques to overcome barriers and improve communication

- Sending direct and simple messages using many channels
- Feedback system to know whether the manager has been understood correctly or not.
- Adopting face to face communication.
- Time the message carefully, communicate when the receiver is motivated to listen.
- Be sensitive to the private world of the receiver, try to predict the impact on his feeling and attitude and tailor the message to fit receivers vocabulary, interests and values.
- Introduce a proper amount of redundancy of in the message i.e., some amount of repetitions of information so that it is not misunderstood.

## 6.6 COORDINATION

### 6.6.1 Meaning

Various departments of an organization will be performing different tasks as assigned to them on the basis of their specialisation. It is essential to coordinate these activities to achieve common objectives collectively. Coordination is the process which ensures smooth ensuring of the functions of management with the increase in the departmentation, coordination has become important.

**Definition:** The following are definitions given by some management pioneers.

"To coordinate is to harmonise all the activities of a concern so as to facilitate its working and success. In a well coordinated enterprise, each department or division works in harmony with others and is fully informed of its role in the organization". – Henri Fayol.

"Coordination deals with the task of blending efforts in ordered to ensure

the successful attainment of the objective. It is accomplished by means of planning, organizing, actuating and controlling" – G.R. Terry.

"Coordination is regarded as the essence of managerialism for the achievement of harmony of individual efforts towards the accomplishment of group goals as the purpose of management. Each of the managerial function is an exercise in coordination". – Koontz and O'Donnell.

Thus coordination is the management of interdependence in the work situation. It is the orderly synchronization of the interdependent efforts of individuals in order to attain a common goal. In any modern organization consisting of number of departments such as purchase, finance, production, designs, personnel, sales etc., there is a need for all of them to perform their tasks properly and timely for achieving the targets. This calls for coordination between the various departments of any organization.

### **Characteristics of coordination**

- (1) **Not a separate function of management:** It is necessarily in all the functions of management and not a separate one.
- (2) **Managerial responsibility:** Every departmental head is responsible to coordinate the efforts of his subordinates and also coordinate with his counterparts of other departments.
- (3) **Unity of action:** Unity of action is essential to reach common goals. Coordination brings about unity of action.
- (4) **Coordination is part of all levels of organization:** It is to be built in activity at all levels of organization.
- (5) **It is relevant to group efforts:** Coordination brings about group efforts than individual efforts. It guides the individuals towards group efforts to reach the targets.
- (6) **Continuous and dynamic process:** It is continuous and dynamic process. Managers should continuously monitor and coordinate between people and activities.
- (7) **System concept:** Any organization starts as a system of cooperation. Each department functions are different in nature and interdependence in the organization system. The organization runs smoothly with the help of co-ordination. Thus coordination is a system concept.

### **6.6.2 Importance of coordination:**

The coordination is important because of the following factors:

- (i) **Unity in diversity:** There are large number of employees each with

different ideas, views or opinions and interests. This results into a diversified activity in any organization. It is necessary to bring them together to accomplish the common objective. Hence coordination is the main element to bring unity in diversity.

- (ii) **Specialisation:** In the modern industrial organizations, there is a high degree of specialization. Though specialists are well aware of their tasks and perform their tasks very effectively, they lack the knowledge of job of others and the importance of others' activities. This will lead to misunderstanding and dispute among the specialists. Coordination plays an important role in bringing them together and explaining the importance of each other's activities.
- (iii) **Team work:** Coordination helps in converging the diversified efforts of various groups to achieve the objectives. It promotes teamwork and avoids duplication of work.
- (iv) **Large number of employees:** Large organizations employ a large number of employees. They have different habits, behaviour and approaches in a particular situation. Many times they don't work in harmony. Coordination is necessary to bring harmony among them.
- (v) **Empire building:** Empire building refers to top level of line organization. The line officers expect cooperation from staff officers, but the line officers are not ready to extend their cooperation to staff officers. This creates conflicts between line and staff officers. Therefore, coordination is necessary to avoid conflicts between line and staff officers.
- (vi) **Functional differences:** The functions of organization are divided section wise. Each section performs different jobs. Each department tries to perform its function in isolation from others. Coordination is necessary to integrate the functions of the related department.
- (vii) **Recognition of goals:** There are general goals of an organization. In addition, each department has its own goals and the individual employees also have their own goals. The individual employees give more importance for their own goals than the organizational goals. Even the departmental heads give priority to departmental goals than the goals of organization. Coordination plays an important role to reconcile both the employees' goals and departmental goals with organizational goals.
- (viii) **Communication:** Coordination ensures the smooth flow of information in one direction to other directions.

- (ix) **Interdependency:** The need for coordination in an organization arises of the interdependence of various units. The greater the interdependence of units, the greater the need for coordination.

### 6.6.3 Techniques of coordination

The following are some important techniques of coordination:

- (i) **Effective chain of command or hierarchy:** In any organization hierarchy or chain of command decides who is responsible to whom. If the line of authority and responsibilities are clearly defined, then the manager can access control over subordinates. This would bring about better coordination.
- (ii) **Harmonious rules, policies and procedures:** Rules and regulations, policies and procedures are used as guidelines for decision making in a consistent manner. It ensures uniformity in action and decision at every level of management.
- (iii) **Clearly defined objectives:** Every organization has its own objectives. The objectives should be clearly defined so that the employees of the organization will understand them well. Unity of purpose is essential to achieve coordination.
- (iv) **Coordination through liaison officer:** A liaison officer is one who acts like a link between two people or departments. For effective coordination between interdependent departments like production and sales, organization and government etc., a liaison officer plays very important role.
- (v) **Effective communication:** Effective communication promotes mutual understanding and cooperation among the people of an organization. Quick and direct communication facilitates better understanding and coordination.
- (vi) **Sound organizational structure:** Sound organizational structure integrates the activities of different units of an organization, resulting in better coordination.
- (vii) **Coordination through committees:** Committee or participative group decision-making is another common coordinating device. This helps in reducing the rigidity of hierarchical structure.
- (viii) **Incentives:** The term incentive includes only monetary incentives. The incentives are increment in pay, bonus, profit sharing etc. These schemes of incentives promote better spirit and cooperation between

employees and workers, between workers and supervisors. Mutuality of interest reduces strife and ensures better coordination.

### 6.6.4 Principles or Requisites of Effective Coordination

In order to ensure effective coordination it should be based on certain principles as listed below:

- (i) **Early start:** The coordination should be started from the early stages of planning and policy making. The plan is to be prepared in mutual consultation. By this, the task of implementation and any change or adjustment in the plan can be easily carried out.
- (ii) **Direct contact:** Direct personnel contact, ideas, ideals, goals and views can be discussed and misunderstanding, if any, can be clarified much more efficiently. An agreement may be arrived at on methods and actions through personnel contact in achieving the goals.
- (iii) **Continuity:** Coordination is a continuous process and it must go on at all stages of management. It starts with planning and ends with controlling.
- (iv) **Dynamism:** Coordination should not be rigid. The change in internal and external environments calls for change in type of coordination. The coordination should change with changes in circumstances.
- (v) **Simplified organization:** Simplified organization facilitates effective coordination. The departments can be rearranged so that better coordination can be achieved. Similar departments or functions can be put under one supervisor, as this would bring out better coordination. It is further suggested that all interfacing departments may be brought under one boss for ensuring effective communication.
- (vi) **Self coordination:** Self-coordination within each department will bring about overall coordination of entire organization. Hence it is essential to have self-coordination.
- (vii) **Clear-cut objectives:** Clear-cut objectives are very essential for an effective coordination. The management should take necessary steps to explain the objectives to the departmental heads. Clear cut objectives and clear explanation of objectives are bound to produce uniformity in action.
- (viii) **Clear definition of authority and responsibility:** The management should clearly define the authority and responsibility of each

individual and each department. This will facilitate effective coordination. It will also reduce conflicts among the individuals and between departments. The department manager has clear authority to exercise over the subordinates who are violating the rules.

- (ix) **Effective communication:** Effective communication is essential for proper coordination. Through continuous exchange of information, individual and departmental differences can be easily resolved. Policy changes, any adjustment in programmes etc., can be discussed.
- (x) **Effective supervision and leadership:** Top executives should supervise the work of subordinates to ensure successful performance of a plan. When a top executive finds any deviation, they may take immediate steps to correct them with the help of supervisors. Hence, there is a need for coordination between supervisors and between top management and supervisors. Thus supervisors play important role in coordination.

#### 6.6.5 Types of coordination

Coordination may be classified as internal and external coordination.

- (i) **Internal coordination:** Coordination among the employees of the same department or section, among workers and managers at different levels, among branch offices, plants, departments and sections is called internal coordination. Internal coordination is subdivided into two types.
  - (a) **Vertical coordination:** Vertical coordination refer to the one in which a departmental head coordinates his work with that of his subordinates and vice-versa.
  - (b) **Horizontal coordination:** Horizontal coordination refers to the coordination taking place sideways, i.e., the relationship between the persons of same status. It exists between heads of different departments, or supervisors or co-workers.
- (ii) **External coordination:** Coordination with customers, suppliers, government and other outsiders with whom the organization has business connections is called external coordination.

#### 6.6.6 Coordination and co-operation

Coordination and cooperation are two terms widely used in a business organization. Though they sound similar they differ with each other. The differences are explained below:

Coordination	Cooperation
1. It is a management function.	1. It is not a management function.
2. Coordination is an orderly arrangement of group efforts.	2. Cooperation is willingness to work or help others.
3. Coordination is obtained officially.	3. Cooperation is a voluntary service.
4. Achievement of objectives is directly linked to coordination.	4. There is no direct link between cooperation and objectives.
5. The success of an organization depends upon the degree of coordination.	5. Cooperation forms the basis of coordinating.

#### REVIEW QUESTION

1. Explain meaning and nature of directing.
2. Define directing.
3. Give principles of directing.
4. Define leadership.
5. Explain types of leadership.
6. Differentiate between Autocratic, Participative and Free-Rein styles of leadership.
7. Define motivation and give its characteristics.
8. List and explain the results of effective motivation.
9. Explain positive and negative motivations.
10. Write about Maslow's theory of motivation.
11. Explain Behaviour and Goals.
12. Write about Hawthorne studies and its findings.
13. Explain Mc Gregor's theory X and theory Y.
14. What are hygiene factors?
15. Explain Herzberg theory of motivation.
16. Define communication. Explain different systems of communication.
17. Differentiate between formal and informal communication.
18. Differentiate between vertical and horizontal communication.

19. What are barriers of successful communication?
20. Explain the meaning of coordination.
21. What are various characteristics of coordination? Explain.
22. Explain the importance of coordination.
23. What are various techniques of coordination?
24. What are requisites of effective coordination?
25. Differentiate between coordination and cooperation.

## CHAPTER 7

# CONTROLLING

Controlling is the last function of management. The main objective of control is to identify the variations between the set standards and actual performance and then to take necessary steps to correct it and prevent such deviations in future.

### 7.1 DEFINITION

"Control is checking current performance against predetermined standards contained in the plans with a view to ensure adequate progress and satisfactory performance" – E.F.L. Brech. ✓

"Control consists of verifying whether everything occurs in conformity with the plans adopted, the instructions issued and principles established. It has for its object to point out weaknesses and errors in order to rectify them and prevent recurrences" – Henri Fayol.

"Controlling is determining what is being accomplished, that is, evaluating the performance and if necessary, applying corrective measures so that the performance takes place according to the plans" – George R. Terry.

"Controlling is the measurement of accomplishment against the standards and the correction of deviations to assure attainment of objectives according to plans" – Koontz and O'Donnell.

### 7.2 STEPS IN CONTROLLING

Control points out the deviations of the plans and suggests remedial action to improve future plans. There are three steps in control process.

- (i) Establishing standards
  - (ii) Measuring and comparing actual results against standards
  - (iii) Taking corrective action
- (i) **Establishing standards:** The first step in any control process is to establish standards against which results can be measured. Standards are criteria of performance. Standards may be qualitative or quantitative. Standards like, costs should be reduced, communication is to be faster, goodwill, employees morale etc., are some examples of qualitative standards. Number of units produced, profit percentage, standard hours, total cost incurred, overheads etc., can be expressed quantitatively.)

Standards are to be flexible in order to adapt to changing conditions. Standards should emphasise the achievement of results more than the conformity to rules and methods. The standards could be of physical standards, cost standards, revenue standards, capital standards, intangible standards etc.

- (ii) **Measuring and comparing actual results against standards:** The second step in control process is to measure the performance and compare it with the set standards. Measurement of performance can be done by personal observation or by a study of various summaries of figures, reports, charts and statements. Comparison is very easy if the system of control is well defined. Several established techniques are available for quick comparison. Some variations are desirable like excess production, reduced expenditure than standard etc. (When the actual performance matches with standards, no corrective action is required.) However, if the standards are not achieved, then the management should initiate necessary corrective action. If the deviations are beyond the reasonable limits then they should be reported to the top management.)

- (iii) **Taking corrective action:** After comparing the actual performance with the set standards and noticing the deviations, the next important step is to take corrective action by managers. The causes of deviation may be due to ineffective communication, defective system of wages, wrong tools and machines, negligence from worker, lack of training, ineffective supervision, inadequate facilities etc. The management has to take necessary corrective action based on the nature of causes of deviation.

Managers may correct deviations by redrawing their plans, or by modifying goals, they may use their authority through reassignment of job to others, or by putting additional staff, or providing extra training, better tools and by better leading.

### 7.3 ESSENTIALS OF A SOUND CONTROL SYSTEM

The essentials of a sound control system are as follows:

- Feedback:** Feedback is the process of adjusting future actions based upon the information regarding past performance. Feedback makes the control system very effective.
- Objective:** Control system should be objective and understandable. Objective controls specify the expected results in clear and definite terms and leave little scope for argument by the employees. They avoid aristocracy.
- Suitability:** The control system should be appropriate to the nature

and needs of the activity. The controls used in production are different than the one used in finance and personnel. Hence every organization should evolve suitable control system that serves specific needs.

- Prompt reporting:** The control system should provide for prompt and timely reporting without any delay. Delayed reporting may lead to ineffective control actions. Prompt reporting will help the managers to take immediate corrective action before the problem occurs.
- Forward looking:** Effective control system must focus on how the future actions will conform to plans.
- Flexible:** The standards will be altered from time to time. Hence the control system should be flexible in accordance with the modified standards.
- Economical:** The benefits derived from the control system should be more than the cost involved in implementing it.
- Simple:** The control system should be simple to understand and implement.
- Effective and operational:** A control system should not only detect deviations but should also provide solutions to the problems that cause deviations. It must disclose where and how the failures are occurring, who is causing them and how they should be dealt with.
- Motivation:** A good control system should motivate people to achieve higher performance. The control is to be so designed that it induces positive reactions from employees. The purpose of control is to prevent and not to punish.

### 7.4 METHODS OF ESTABLISHING CONTROL

Various methods are used by the management for controlling the various deviations in the organization. Some of the important methods of establishing control are discussed below:

- Personal observation:** This is the oldest and simple method of control. The manager personally observes the operations in the work places. Any deviations observed are corrected immediately then and there itself. However, this is a time consuming technique and may not be liked to be observed by workers.
- Budgeting:** A budget is a statement of anticipated results during a designated time period expressed in financial and non-financial

terms. The budgeting process typically involves the use of cost standards. Budgets are made for a specific period like monthly, quarterly or annually. The budgets are prepared on the basis of the purpose like sales budgets, capital expenditure budget, advertisement budget, R and D budget etc.

- (iii) **Cost accounting and cost control:** Profit of any business depends upon the cost incurred to run the business. Profits are increased by reducing costs. Hence, much importance is given for cost accounting and cost control.
- (iv) **Break-Even analysis:** The point at which sales is equal to the total cost is known as Break-Even Point (BEP). At this point there will be no loss or no profit. The total cost is the sum of fixed cost + variable cost. Fixed cost is fixed irrespective of production but variable cost changes according to the volume of production. This analysis helps in determining the volume of production or sales and the total cost which is equal to the revenue. The excess of revenue over total cost is profit.
- (v) **Standard costing:** Standard costing is used to control the cost. The objective of standard costing is the same as budgetary control. The system compares the actual with standards and variance is noted. The following are the steps involved in standard costing.
  - (a) Setting the cost standards for various components like labour, material, machine hour rate etc.
  - (b) Measurement of actual performance and comparing with standard cost.
  - (c) Find the variance of actual cost compared to standard cost.
  - (d) Taking corrective measures to avoid such variances to occur in future.
- (vi) **Return on investment (ROI):** Ratio of net profit to the total investment or capital employed in the business is termed as return on investment, generally expressed as percentage.

$$\text{ROI} = \frac{\text{Profit}}{\text{Total Investment}}$$

Using this the percentage of profit is identified. The amount of profit earned by a company is different from the rate of profitability.

- (vii) **Responsibility accounting:** It is defined as the system of accounting under which each departmental head is made responsible for the

performance of his department. Under this system, each department is made a profit center. The individual department is responsible for its own operation.

- (viii) **Management audit:** Management audit is an independent process that aims at pointing out the inefficiency in the performance of functions of management such as planning, organizing, staffing, directing, controlling and suggesting possible improvements. It helps the management to handle the operations effectively.
- (ix) **Internal audit:** Internal audit is conducted by an internal auditor who is an employee of an organization. He makes an independent appraisal of financial and other operations. He identifies the defects and deviations and reports to management.
- (x) **External audit:** External audit is an independent appraisal of the organization's financial accounts and statements. The purpose of external audit is to safeguard the interests of shareholders and other outside parties concerned with the company. It is also known as statutory audit control. The external auditor certifies the compliance of all accounts. The external audits are conducted by qualified auditors.
- (xi) **Statistical control reports:** This type of reports are prepared and used by large organizations. They are quantitative in nature. These reports are very useful in sales, production, etc. There are various statistical tools available for this purpose.
- (xii) **Gantt milestone chart:** This technique was proposed by Henri L. Gantt. This is basically a time based production control technique. This is widely used to monitor the progress of projects. This a two dimensional chart with activities on vertical and time on horizontal scale. This is basically a schedule of activities against time.
- (xiii) **Production control:** Production control technique is necessary for smooth functioning of an organization. Production control involves forecasting and planning of production, inventory control, scheduling, selection of process etc.
- (xiv) **Programme Evaluation and Review Techniques (PERT):** This was developed during 1957-58 for US Navy. This is primarily oriented towards achieving better managerial control of time spent in completing a project. A project is split into activities and all the activities are integrated in a highly logical sequence to find the shortest time required to complete the entire project. PERT was created primarily to handle R & D projects.

(xv) **Critical Path Method (CPM):** This technique also follows the principles of PERT. This concentrates mainly on cost rather than duration like PERT. The use of both PERT and CPM has grown rapidly today in controlling time bound projects such as repairing a weak bridge, construction of huge buildings etc.

### REVIEW QUESTIONS

1. Define controlling.
  2. State and explain the steps in controlling.
  3. What are the essentials of sound controlling?
  4. Explain the methods of establishing sound controlling.
  5. What is the need of fixing standards?
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## CHAPTER 8

# MARKETING MANAGEMENT

### 8.1 INTRODUCTION

Marketing management is one of the important functions of management which involves

- (a) Analysis
- (b) Planning
- (c) Implementation
- (d) Control

of programmes designed to bring about the desired exchanges with target markets for the purpose of achieving the goals/objectives of the enterprise.

### 8.2 FUNCTIONS OF MARKETING

Marketing involves certain activities (functions) in order to move goods from producers to consumers. All these functions can be grouped into three major functions.

#### Facilitating functions or supporting activities

- Collecting market information and market research.
- Market finance.
- Marketing risk bearing.

#### Exchange functions and merchandising

- Product planning.
- Standardising and grading.
- Buying and assembling.
- Advertising and selling.

#### Physical supply functions or Physical distribution

- Storage
- Transportation